

TAX INFORMATION BULLETIN



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New district tax rate to take effect on April 1, 2014

California voters have approved several new district taxes that are effective April 1, 2014. The increased tax rates listed below apply within city limits. The tax rates outside of city limits will remain the same.

City	New Code	New Acronym	Old Rate	New Rate
City of Antioch (located in Contra Costa County)	350	ANTG	8.500%	9.000%
City of Huron (located in Fresno County)	352	HPST	8.225%	9.225%
Town of Corte Madera (located in Marin County)	354	CMGT	8.500%	9.000%
City of Larkspur (located in Marin County)	356	LKSG	8.500%	9.000%
Town of San Anselmo (located in Marin County)	358	SAGT	8.500%	9.000%
City of San Rafael (located in Marin County)*	360	SREF	8.500%	9.250%
City of Stockton (located in San Joaquin County)	362	STKN	8.250%	9.000%
City of Scotts Valley (located in Santa Cruz County)	364	SVLY	8.250%	8.750%

Current Tax Rates Extended	Code	Acronym	Rate	New End Date
City of El Monte (located in Los Angeles County)	222	EMGF	9.50%	3/31/19
City of Rohnert Park (located in Sonoma County)	262	RPGF	8.75%	None

*The tax increase of 0.50% which began 4/1/06 expires 3/31/14, which decreases the rate to 8.50%. New increase of 0.75% effective 4/1/14 increases the total rate to 9.25%.

How will I know when a rate changes?

We email notifications to retailers in and around the affected locations when a tax rate changes. Make sure your email address is correct on your account to ensure you receive notice when the tax rate changes occur.

If you have not been receiving these notifications, log in to our website with your User ID and update your email address. You may also call our Customer Service Center at 1-800-400-7115 weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

How can I verify the tax rate of a certain location?

You can visit our website at www.boe.ca.gov/knowyourrate. You can look up a tax rate by address or read our city and county tax rate guide. You may also call our Customer Service Center.

New sales tax tool to reduce retailer errors

The Board of Equalization (BOE) has made available an easy-to-use, online mapping tool that will help retailers charge the correct tax and prevent consumers from being overcharged sales tax.

Using the mapping service, retailers simply enter an address and the service pinpoints the location on a map and provides the sales and use tax rate at that address. It also shows the entire area where that rate applies.

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Sales and use tax rates vary widely across California and can change over time. Retailers can easily find the current tax rate at a specific location using this new service. This helps ensure their customers pay the correct amount of tax.

In addition to the statewide sales and use tax rate of 7.50 percent, some cities and counties have voter-approved district taxes. Multiple district taxes may also be in effect at a specific location. More than three-fourths of all businesses in the state are located, or do business in, areas with a district tax.

For more information about sales and use tax rates, including help for consumers who have been overcharged, visit www.boe.ca.gov/knowyourrate.

Santa Clarita District Office will open in March!

To better serve our customers in the Santa Clarita and the Northern San Fernando Valleys, the BOE will be opening a new office in March at 25360 Magic Mountain Parkway, Suite 330, Santa Clarita, CA 91355.

The Santa Clarita District Office will be a one-stop-shop for permit or license registration, filing a tax return, and getting answers to tax questions. The office features self-service kiosks, allowing users to conveniently complete transactions and make payments. A state-of-the-art electronic queuing system efficiently checks in customers and provides easy directions. The new location also offers free parking and convenient access to freeways and public transportation.

Many services are also available through our website at www.boe.ca.gov and through our Customer Service Center at 1-800-400-7115.

Automatic security deposit requirements removed

The BOE's Board Members unanimously voted to eliminate automatic security deposit requirements for some BOE registrants. In the past, California had required certain businesses to post a security deposit for the first three years of business. The required security amount typically equals half a year's worth of taxes and ranges from \$2,000 to \$50,000 per business.

Going forward, we will require a security deposit when required by law, or from businesses that have a history of nonpayment or pose a high compliance risk. BOE staff are reviewing accounts and will return deposits to eligible taxpayers.

Free continuing education offered for certified public accountants

The BOE is now offering a free online course for certified public accountants that qualifies for four hours of continuing education. The course is designed to provide tax practitioners and the general public practical knowledge on the functions and programs administered by the BOE. Subjects include Basic Sales and Use Tax, Online Services, Appeals Process, Cigarette and Tobacco Products, Property Tax Exemption for Nonprofit Organizations, and the Taxpayer Rights Advocate. There is a short quiz after each section, and a final quiz that is automatically graded. If a passing score of 75 percent or better is obtained, a certificate of completion can be printed, and the results will be automatically forwarded to the BOE for record retention.

To locate the course, go to www.boe.ca.gov and select "Industry Guides" under the Business Center tab. Select the Tax Practitioners industry guide, and then the Resources tab.

"No cash" policy

On February 3, 2014, all BOE field offices stopped accepting cash. The public is being notified by placing posters in the field offices, posting on the BOE website, and verbally by staff in the field offices and the Customer Service Center.

With BOE's electronic services available and conveniently accessible, taxpayers who bring cash as payment are asked to pay via an alternate method. The BOE field offices will continue to accept the following forms of payment: checks (personal, business, cashier's, and money orders), Automated Clearing House (ACH) Debit, ACH Credit, credit card, from one of the self-serve kiosks, or by paying online at www.boe.ca.gov. Your local BOE field office can provide more information on how to convert cash, and provide other services to assist you. The No Cash Policy allows BOE to reduce costs and ensure safety to employees.

The No Cash Policy originally began as a pilot on June 1, 2011, in the Oakland, San Diego, and Ventura field offices. The pilot was soon extended to six additional offices, with the final transition extending to the remaining field offices in February.



Deductions claimed for transportation charges

Transportation charges for shipment of taxable merchandise are generally not taxable if:

- The charges are separately stated,
- The transportation is made by facilities other than that of the retailers, such as the U.S. mail, an independent contract or common carrier,
- The merchandise is shipped directly to the purchaser, and
- The amount charged is the actual cost of the transportation.

The BOE's audit staff notes that some businesses charge more for shipping than their actual cost. The amount in excess of the actual cost of shipping must be included in your taxable sales. In other words, any handling charge or markup applied to the actual cost of the shipping is taxable. Supporting documents demonstrating the actual cost of transportation should be maintained in your records on a transaction-by-transaction basis.

Supporting documents include: (1) bills of lading, (2) freight invoices, (3) express receipts or express company invoices, (4) parcel post receipts or shipment records, (5) sales invoices showing transportation charges and shipping instructions, (6) delivery receipts and expense vouchers supporting your delivery expense, (7) correspondence stating requirement and completion of delivery and (8) title transfer agreements.

For more information about how tax applies to shipping charges, you may download a copy of [publication 100, *Shipping and Delivery Charges*](#), or [Regulation 1628, *Transportation Charges*](#), from our website at www.boe.ca.gov, or contact our Customer Service Center at 1-800-400-7115.

BOE visits to California retailers

Retailers throughout the state are receiving visits from Statewide Compliance and Outreach Program (SCOP) teams. SCOP visits are intended to educate retailers about properly reporting sales and use tax, increase compliance with tax laws, and maintain outreach efforts to assure taxpayers the state's tax system is fair and equal for all Californians.

The BOE has mailed letters to 11,805 business owners in the following zip codes: Aliso Viejo (92656), Coachella (92236), Concord (94519), Desert Hot Springs (92241), El Monte (91731), Ladera Ranch (92694), Lincoln (95648), Mecca (92254), North Highlands (95660), Sacramento (95833), San Bernardino (92410), San Ramon (94583), Sheridan (95681), Thermal (92274), Thousand Oaks (91360), Thousand Palms (92276), Truckee (96161), West Lake Village (91361), and Woodland Hills (91367).

Eight different SCOP teams located statewide (Oakland, Sacramento, San Jose, Van Nuys, Norwalk, Irvine, Riverside, and Ventura) conduct door-to-door, in-person visits in the zip code areas they cover. It is important for retailers to understand that the BOE asks only business-related questions, and does not inquire about personal financial information. Businesses found to be operating without a seller's permit are provided instructions on how to register with the BOE, as well as information about other necessary licenses. Home-based businesses are not visited.

Since 2008, SCOP has visited 398,960 businesses statewide to verify retailers are registered, and to ensure noncompliant businesses do not have an unfair advantage over registered businesses that are reporting their sales and use taxes and/or fees to the BOE.

The BOE has found that nearly 98 percent of the California businesses are operating with the correct permits. However, some of them underreport their taxes and fees. Those who underreport, and the two percent without the correct permits and licenses, are among those responsible for more than \$2 billion in uncollected taxes contributing to the state's "tax gap" – the difference between the amount of taxes owed and the amount paid, negatively impacting all state taxpayers.

If business owners have any questions about these visits, they may contact their local field office or visit the BOE's SCOP web-page at www.boe.ca.gov/sutax/SCOP_Overview.htm.



You may owe use tax

Use tax is like sales tax, and is charged on purchases made from out-of-state retailers on items that are used, stored, or consumed in California. If you buy taxable items such as books, electronic equipment, or toys from any out-of-state seller and you are not charged tax, you are responsible to pay use tax on these purchases. The easiest way to know if you may owe use tax is to review your receipt to see if you were charged tax.

Many people have not heard of use tax, but it is a vital source of funding for the state and local services that Californians rely on every single day. This is not an Internet tax. Use tax has been the law since 1935.

Last year, businesses and California residents paid more than \$3.9 billion in use tax. However, the BOE estimates that more than \$1 billion goes unpaid each year, enough to pay the salaries of more than 11,000 teachers or 7,000 police officers. Use tax is important to California because it supports state and local government efforts to fund schools, public safety, health care, environmental protection, road improvements, and other services.

It is easy to calculate and pay any use tax owed. The BOE provides three easy ways:

- Use the ePay Mobile App on an Apple or Android smartphone—the application calculates what you may owe;
- Register and pay on the BOE website;
- Report on your California state income tax forms: estimate the tax owed with the BOE's Use Tax Lookup Table, or save your receipts and pay the exact amount owed.

Consumers or business owners with questions about use tax can visit www.boe.ca.gov or call our Customer Service Center at 1-800-400-7115.

Annual Taxpayers' Bill of Rights Hearings to begin

Do you have suggestions for improving our services? Do you have an idea for changing a tax or fee policy or procedure? If you do, come share your ideas and concerns with our Board Members at our annual Taxpayers' Bill of Rights hearings. You may present your proposal in person or in writing.

The annual business and property tax hearings for 2014 are scheduled for May 22 in Sacramento and June 24 in Culver City, both starting at approximately 1:30 p.m.

Although you are not required to make advance arrangements to speak, it will help us to prepare if you contact the Taxpayers' Rights Advocate Office at 1-888-324-2798 beforehand to let us know your topic. If your proposal is complex or extensive, we encourage you to submit it in advance and then summarize it in your oral presentation.

For more details, please call the Advocate Office or visit them at www.boe.ca.gov, where you can also view the office's latest annual report.

More articles available online!

There are occasions when we have more articles than we have space for in this print version of the Tax Information Bulletin. The additional articles are available online at www.boe.ca.gov/news/tib14.htm.

For More Information

All telephone numbers are toll-free.

Internet

www.boe.ca.gov
www.taxes.ca.gov

Customer Service Center

1-800-400-7115 (TTY:711)

Requests for Fax Copies

1-800-400-7115
(Choose automated services)

Seller's Permit

Verification

1-888-225-5263
www.boe.ca.gov

Taxpayers' Rights

Advocate

1-888-324-2798
www.boe.ca.gov

Tax Evasion Hotline

1-888-334-3300

State Legislation

www.leginfo.ca.gov/bilinfo.html

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